Diesel Engines were introduced later and it is expected that in 1936-37 all the engines would be converted into Diesels, and after the conversion, a higher percentage of return is also expected. The above return was net, after taking into account the taxes which the Road Transport Department there pays exactly in the same way as private owners' vehicles, such as fees for annual registration etc., and also adequate allowances for depreciation. The staff of the displaced private buses have been absorbed, and many of the vehicles previously employed on the private bus service have been taken over at a suitable valuation without including a compensatory element. Uniform fare of 5·14 pies (British) per passenger per mile is charged throughout the whole service including the suburban and district services, the idea being to make the "fat routes" pay for "lean routes" also Out-agencies have been established in a number of places for the through booking of goods and parcels.

As traffic in this State is heavier than that in Hyderabad, it may be confidently expected that the introduction of the system of Government monopoly of the bus traffic in our State will, while not involving any additional burden to the travelling public, be of considerable help to the finances of the State and also result in the efficiency of the service, and greater convenience to the public.

53. *Rubber Factory, Travancore.*—In pursuance of the policy of Government referred to already, Government decided to withdraw from the management of the Rubber Factory and arrange for its being run as a joint stock concern. A company under the name of "The Travancore Cables and Rubbers Limited" recently floated has taken up the management of the factory from 12th Makaram 1112. The lease is for a period of 10 years in the first instance. The lessee will pay Government 4 per cent. interest on the capital invested by Government in the concern, in addition to $2\frac{1}{2}$ per cent on the actual cost of the buildings and 3 per cent. on the actual cost of machinery towards depreciation.

The formal agreement with the company is awaiting execution. Meanwhile, the question of the sale of the factory and its assets to the company is under consideration.

54. *Sugar Factory, Thuckalai.*—With a view to put an end to the unsatisfactory condition of the Sugar Factory which has been incurring losses and paying no dividend for several years to Government and the shareholders, Government in pursuance of their general policy, purchased the rights of all the

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